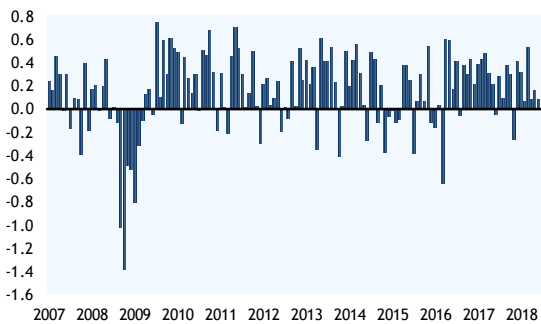


Overview and highlights

Real GDP

% change, month-over-month



Source: Statistics Canada

▲ Canadian GDP rose a stronger-than-expected 0.1% in August as oil sand production rebounded

▲ Employment rose 11k in October as a jump in full-time employment was partially offset by lower part-time employment.

▲ Retail sales dropped 0.1% in August with the volumes measure down a greater 0.3%.

▲ Canadian housing starts back above 200k in October

▲ The Canadian trade balance posted a \$0.4 billion deficit in September — down from a revised \$0.6 billion deficit in August

▲ CPI inflation dropped to 2.2% in September year-over-year from 2.8% in August.

CURRENT TRENDS UPDATE — CANADA

Update - November 8, 2018

Canada GDP up 0.1% in August on oil sands production rebound

Latest available: August

Release date: October 31, 2018

Details were softer than the (slightly) stronger-than-expected 0.1% headline GDP increase would imply. A 3.2% jump in oil sands production won't likely be repeated to the same extent — the gain retraced a similar sized drop the prior month due to transitory production disruptions. Similarly, warm weather boosted utilities output for a second straight month. That will reverse as temperatures return to normal. Activity outside of those components was little changed. Manufacturing, retail, and wholesale sales all dipped lower, broadly in line with earlier-released monthly sales reports for the sectors with other services components posting trend-like increases on balance.

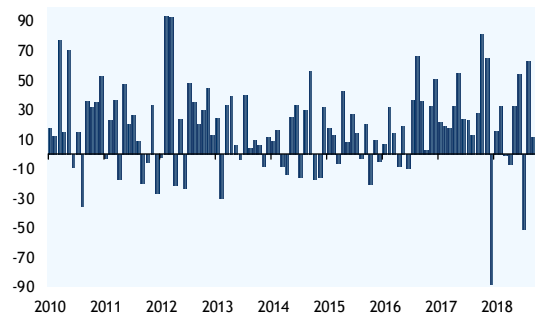
Economy at a glance

	Latest month	% change from	
		Previous month	Year ago
Real GDP	Aug	0.1	2.5
Industrial production	Aug	0.1	3.9
Employment	Oct	0.1	1.1
Unemployment rate*	Oct	5.8	6.2
Manufacturing			
Production	Aug	-0.6	3.3
Employment	Oct	0.1	-1.8
Shipments	Aug	-0.4	9.0
New orders	Aug	1.1	9.8
Inventories	Aug	1.1	11.5
Retail sales	Aug	-0.1	3.6
Car sales	Aug	2.4	-1.0
Housing starts (000s)*	Oct	205.9	221.9
Exports	Sep	-0.2	15.7
Imports	Sep	-0.4	8.5
Trade balance (\$billions)*	Sep	-0.4	-3.3
Consumer prices	Sep	-0.4	2.2

* Levels are shown for the latest period and the same period a year earlier.

Employment

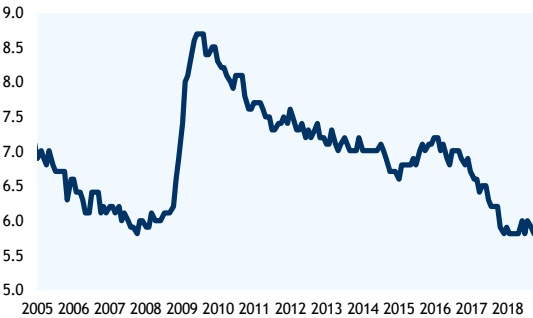
Change in thousands, month-over-month



Source: Statistics Canada

Unemployment rate

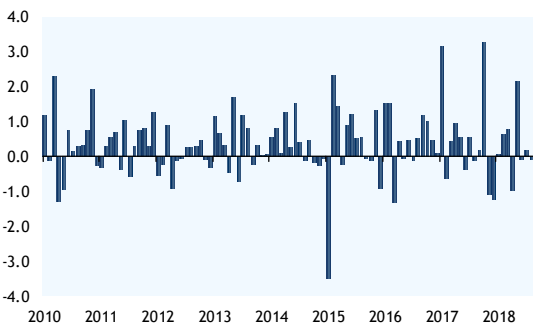
% of labour force



Source: Statistics Canada

Retail sales

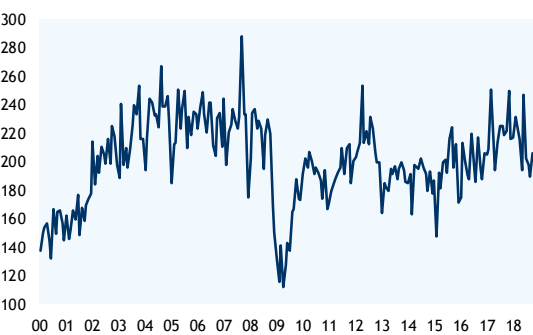
% change, month-over-month



Source: Statistics Canada

Housing starts

Thousands



Source: Canadian Mortgage and Housing Corporation

Canada's jobs data tell a familiar story: healthy labour market, disappointing wage growth

Latest available: October

Release date: November 2, 2018

Employment rose 11k in October as a jump in full-time employment was partially offset by lower part-time employment. Year-to-date job gains have all been full-time. Job growth was driven by the services sector, particularly business, building and support services and wholesale and retail trade. The unemployment rate returned to a cycle low of 5.8%. The decline was partly due to labour force participation, though the participation rate for 25-54 year-olds rose to a record high. Wage growth for permanent employees slowed to 1.9% from as high as 3.9% earlier this year.

Canadian August Retail Sales Decline

Latest available: August

Release date: October 19, 2018

Retail sales dropped 0.1% in the month with the volumes measure down a greater 0.3%. The nominal decline reflected gasoline station sales dropping 2.0% moderated by motor vehicle sales rising 0.8%. Excluding these two components, sales dropped 0.1% following a 0.5% gain in July. E-commerce sales rose 13.9% compared to overall retail sales gain of 3.7%.

Canadian housing starts back above 200k in October

Latest available: October

Release date: November 8, 2018

Some bounce-back in new building activity was to be expected. Three straight monthly declines from an outsized recent peak of 247k in June had left housing starts tracking below the pace of new building permit issuance. Indeed, the 206k starts in October is still below the 225k per-month of new permits issued over the three months ending in September — the latest month available — suggesting there could yet be stronger building activity in the pipeline.

Canada posted \$0.4 billion trade deficit in September

Latest available: September
Release date: November 2, 2018

The Canadian trade balance posted a \$0.4 billion deficit in September — down from a revised \$0.6 billion deficit in August (previously reported as a \$0.5 billion surplus). Exports and import volumes both declined although non-energy export volumes were still up 4% from a year ago. Equipment imports dipped in September but were still up solidly in Q3 as a whole.

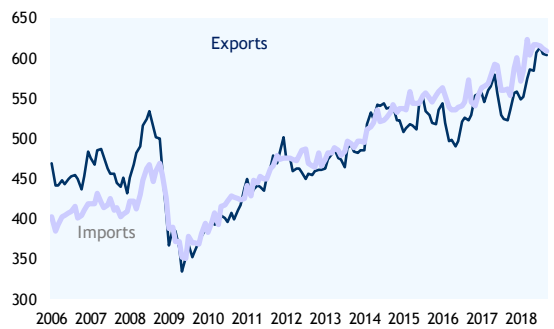
Canadian inflation closer to 2% in September after summer spike

Latest available: September
Release date: October 19, 2018

CPI inflation dropped to 2.2% in September year-over-year from 2.8% in August. Market expectations were for a more gradual slowing to 2.7%. The year-over-year increase in the transportation component slowed to an eight-month low as gasoline and airfare prices reversed earlier gains. Other major components like food and shelter saw price growth tick higher. The Bank of Canada's core measures averaged 2.0% for the sixth month this year. This is the steadiest period of core inflation since 2011.

Merchandise trade

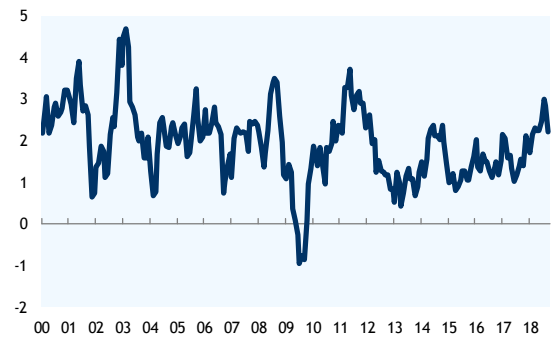
C\$ billions, annualized



Source: Statistics Canada

Consumer price index

% change, year-over-year



Source: Statistics Canada

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